

Draft



Banking and Financing Companies

Overview of Non Performing Loans (NPLs)

April 2026





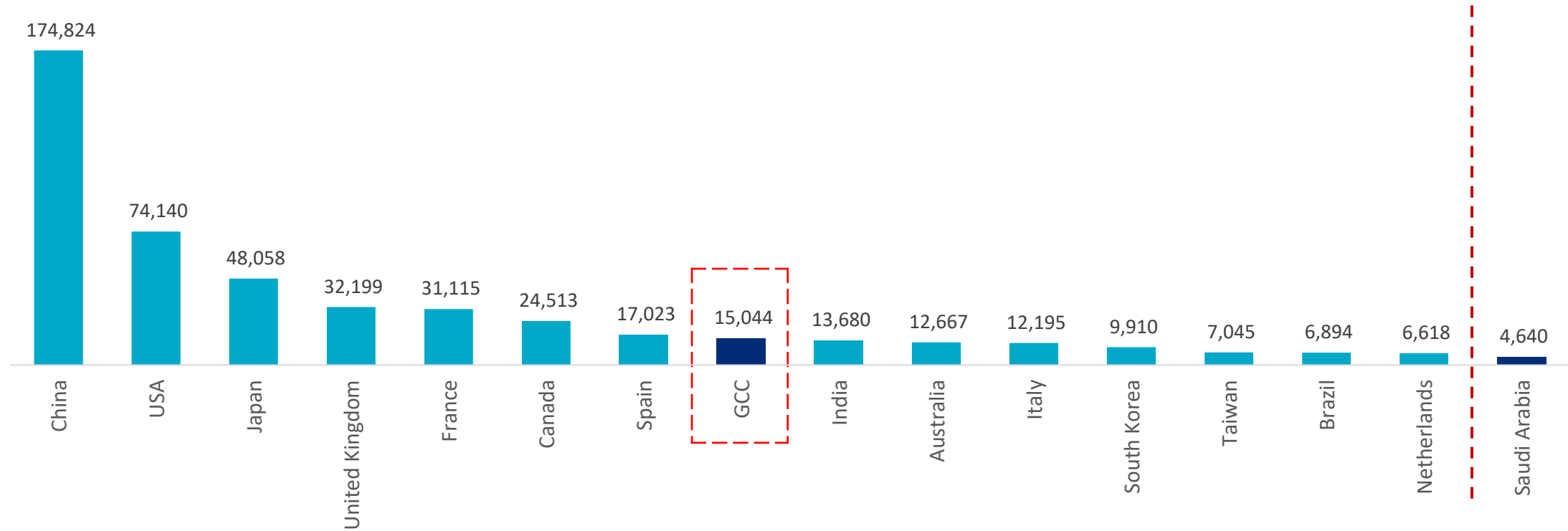
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Global overview

GCC is the 8th largest banking market by asset size with a cumulative banking assets of SAR 15.0 TN



Top 15 geographies in the world with the largest asset size – FY 2025 (SAR in BN)



- GCC banks' combined total assets rank 8th in the list with total assets of SAR 15,044 BN as of FY 2025. This represents a share of 2.7% in the world.
- KSA banks' combined total assets stand at SAR 4,640 BN.

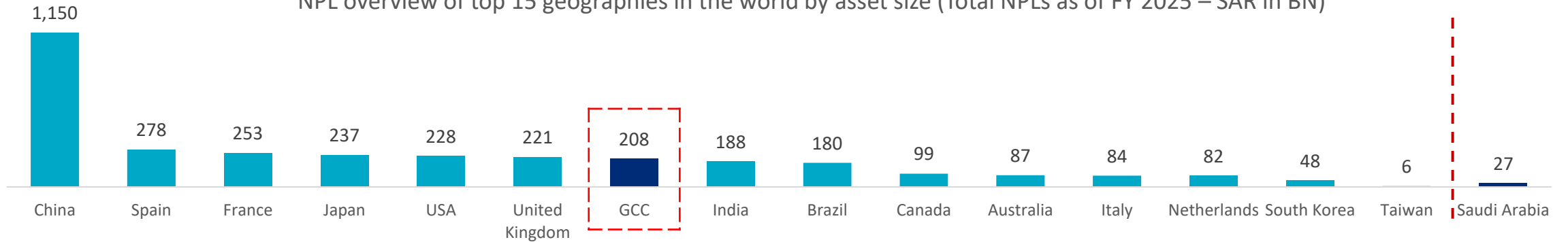
Only publicly listed banks have been considered to collate data for respective countries

Source: S&P Capital IQ

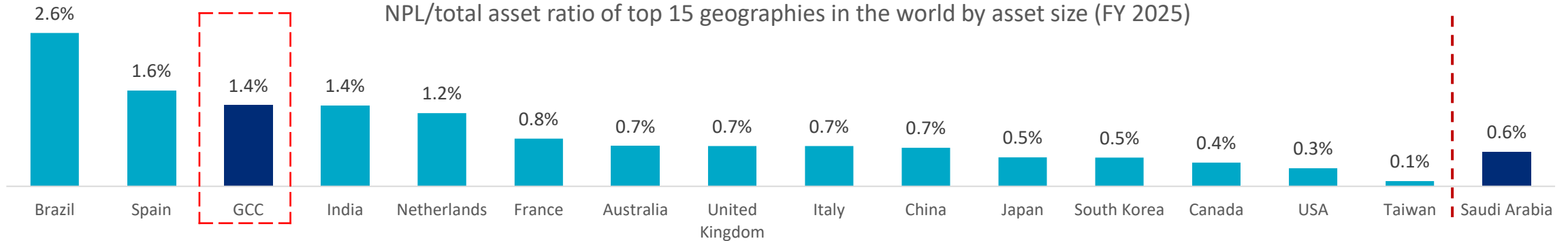
GCC banks' combined total non-performing loans (NPLs) rank 7th in the world



NPL overview of top 15 geographies in the world by asset size (Total NPLs as of FY 2025 – SAR in BN)



NPL/total asset ratio of top 15 geographies in the world by asset size (FY 2025)



- GCC banks' combined total NPLs ranks 7th in the list with total non-performing loans of SAR 208 BN as of FY 2025. This represents a share of 4.5% in the world.
- GCC banks' NPL/total assets ratio ranks 3rd in the list with a ratio of 1.4%.

Only publicly listed banks have been considered to collate data for respective countries

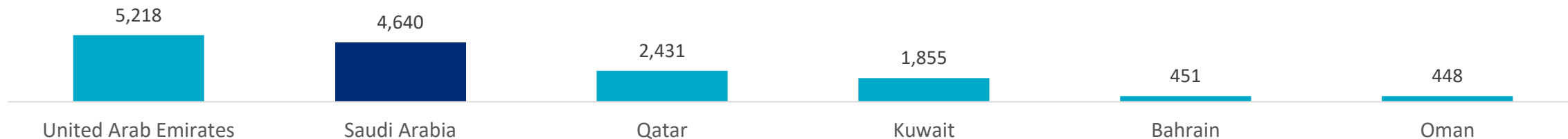
Source: S&P Capital IQ

GCC overview

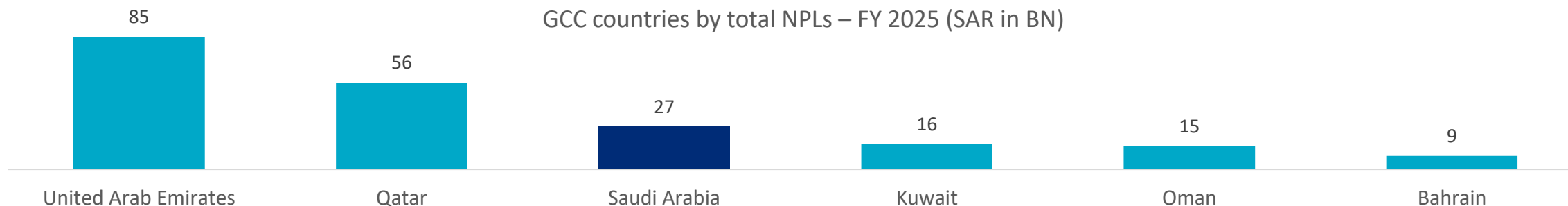
KSA is the 2nd largest banking market in GCC by total asset base, and the lowest in terms of NPL/total asset ratio



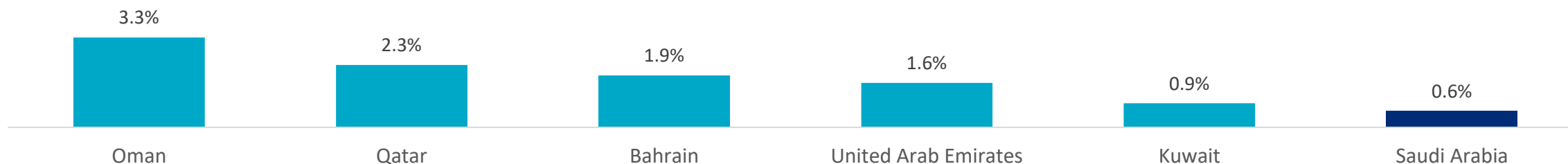
GCC countries by total assets – FY 2025 (SAR in BN)



GCC countries by total NPLs – FY 2025 (SAR in BN)



GCC countries by NPL/total assets ratio – FY 2025



Only publicly listed banks have been considered to collate data for respective countries

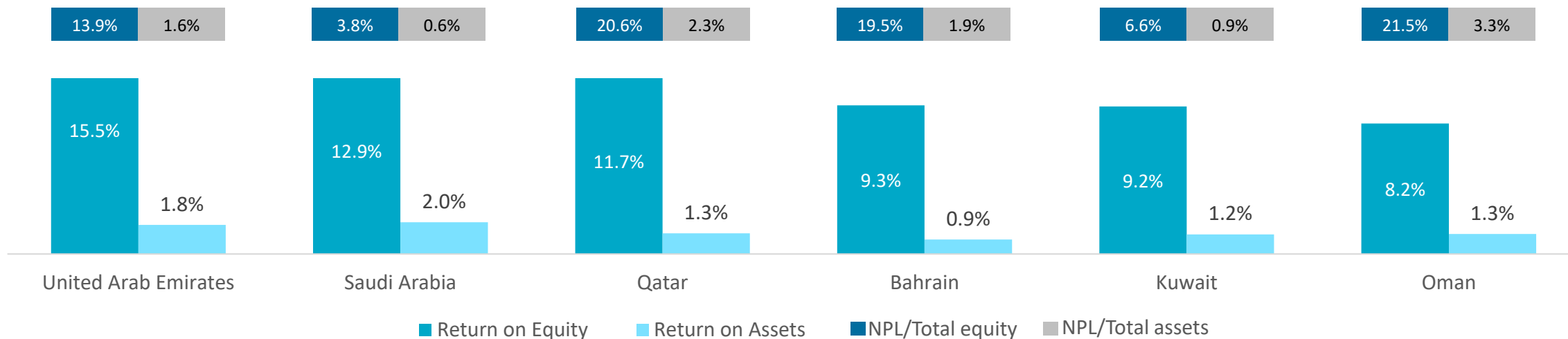
Source: S&P Capital IQ

KSA banking market has the highest return on total assets and the lowest NPL/total equity ratio



Country	Total Assets (SAR BN)	Total Equity (SAR BN)	Net Income (SAR BN)	Non Performing Loans (SAR BN)	NPL/ Total Assets	NPL/ Total Equity
United Arab Emirates	5,218.5	612.0	95.1	85.2	1.6%	13.9%
Saudi Arabia	4,640.3	715.5	92.5	27.3	0.6%	3.8%
Qatar	2,431.5	270.1	31.5	55.7	2.3%	20.6%
Kuwait	1,854.6	246.9	22.8	16.4	0.9%	6.6%
Bahrain	451.2	44.1	4.1	8.6	1.9%	19.5%
Oman	448.4	68.9	5.6	14.8	3.3%	21.5%
Total / Median*	15,044.5	1,957.4	251.7	208.1	1.8%	16.7%

Profitability of GCC countries vs. NPL – FY 2025



Note: Financials for publicly listed banks have been considered to collate data for the respective countries for FY 2025
Source: S&P Capital IQ

GCC Country-wise overview

Banks in Saudi Arabia – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
The Saudi National Bank	1,210.0	25.0	2.2%	12.6%
Al Rajhi Banking and Investment Corporation	1,043.3	24.8	2.5%	18.7%
Riyad Bank	519.5	10.4	2.1%	14.5%
Saudi Awwal Bank	454.5	8.5	2.0%	11.4%
Alinma Bank	311.1	6.4	2.2%	14.3%
Banque Saudi Fransi	309.0	5.4	1.8%	10.9%
Arab National Bank	281.4	5.1	1.9%	11.6%
Bank Albilad	173.0	3.0	1.9%	16.0%
The Saudi Investment Bank	172.7	2.4	1.5%	11.2%
Bank AlJazira	165.9	1.5	1.0%	7.7%
Median	310.0	5.9	2.0%	12.1%
Total	4,640.3	92.5	2.0%	12.9%

- The Saudi National Bank is the largest bank in KSA, with total assets of SAR 1,210 BN as of FY 2025.
- Al Rajhi Bank is the best performing bank in KSA in terms of return on assets and return on equity.

Banks in Saudi Arabia – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
The Saudi National Bank	5.0	7.4	147.1%	0.4%	2.5%	1.1	3.6%
Al Rajhi Banking and Investment Corporation	5.7	8.7	152.5%	0.5%	4.0%	2.3	7.8%
Riyad Bank	3.0	4.5	150.1%	0.6%	3.9%	1.4	10.4%
Saudi Awwal Bank	4.1	7.2	176.2%	0.9%	5.2%	0.7	6.1%
Alinma Bank	2.1	3.2	150.3%	0.7%	4.4%	1.0	11.0%
Banque Saudi Fransi	2.1	3.8	178.4%	0.7%	4.2%	1.0	11.3%
Arab National Bank	1.9	3.1	168.7%	0.7%	3.8%	0.7	8.5%
Bank Albilad	1.2	2.4	197.9%	0.7%	5.7%	0.2	3.7%
The Saudi Investment Bank	1.1	2.0	184.1%	0.6%	4.8%	0.3	9.9%
Bank AlJazira	1.2	2.2	186.1%	0.7%	5.3%	0.4	11.7%
Median	2.1	3.5	172.4%	0.7%	4.3%	0.8	9.2%
Total	27.3	44.4	162.4%	0.6%	3.8%	9.0	7.5%

- In terms of non-performing loans to total assets, The Saudi National Bank is the best performing bank in the region with the lowest ratio at 0.4% (median ratio at 0.7%).
- Median impairments made against bad loans are taking away 7.5% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Banks in United Arab Emirates – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
First Abu Dhabi Bank	1,433.3	21.6	1.6%	15.3%
Emirates NBD Bank	1,188.9	24.5	2.2%	17.7%
Abu Dhabi Commercial Bank	789.9	11.7	1.6%	13.9%
Dubai Islamic Bank	424.7	8.0	2.1%	14.7%
Mashreq Bank	341.6	7.1	2.3%	17.8%
Abu Dhabi Islamic Bank	286.6	7.2	2.8%	23.3%
Commercial Bank of Dubai	163.7	3.6	2.3%	19.0%
Emirates Islamic Bank	148.8	3.4	2.6%	20.9%
The National Bank of Ras Al-Khaimah	107.2	2.7	2.7%	19.7%
Sharjah Islamic Bank	92.2	1.3	1.6%	14.8%
National Bank of Fujairah	70.8	1.2	1.9%	16.5%
Bank of Sharjah	49.4	0.7	1.6%	17.2%
Ajman Bank	33.6	0.5	1.8%	15.2%
United Arab Bank	27.6	0.4	1.8%	13.3%
National Bank of Umm Al-Qaiwain	23.4	0.6	2.8%	9.3%
Commercial Bank International	22.4	0.3	1.4%	9.2%
Invest Bank	14.5	0.2	1.3%	10.3%
Median	107.2	2.7	1.9%	15.3%
Total	5,218.5	95.1	1.8%	15.5%

- First Abu Dhabi Bank is the largest bank in UAE with total assets of SAR 1,433 BN as of FY 2025.
- National Bank of Umm Al-Qaiwain is the best performing bank in UAE in terms of return on assets, and Abu Dhabi Islamic Bank is the best in terms of return on equity.

Banks in United Arab Emirates – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
First Abu Dhabi Bank	21.3	9.6	44.8%	1.5%	14.2%	3.4	16.3%
Emirates NBD Bank	15.9	25.4	159.6%	1.3%	10.8%	1.1	3.2%
Abu Dhabi Commercial Bank	8.2	8.1	98.3%	1.0%	9.1%	3.2	21.3%
Dubai Islamic Bank	7.1	6.1	86.1%	1.7%	13.0%	0.7	7.1%
Mashreq Bank	2.1	2.6	123.1%	0.6%	5.1%	0.5	6.0%
Abu Dhabi Islamic Bank	5.4	4.3	80.1%	1.9%	16.2%	0.8	8.9%
Commercial Bank of Dubai	4.6	4.4	96.6%	2.8%	23.1%	0.5	12.4%
Emirates Islamic Bank	2.5	3.8	152.1%	1.7%	13.8%	0.1	1.6%
The National Bank of Ras Al-Khaimah	1.1	2.8	258.8%	1.0%	7.1%	0.4	11.5%
Sharjah Islamic Bank	1.8	1.8	97.5%	2.0%	18.7%	0.2	27.3%
National Bank of Fujairah	1.6	2.2	139.0%	2.3%	20.2%	0.6	30.3%
Bank of Sharjah	2.9	1.9	64.9%	5.9%	61.4%	0.1	13.3%
Ajman Bank	1.6	0.7	45.1%	4.6%	43.9%	-0.1	NM
United Arab Bank	0.4	0.4	102.4%	1.6%	10.4%	-0.1	NM
National Bank of Umm Al-Qaiwain	0.0	0.1	305.9%	0.1%	0.4%	-0.1	NM
Commercial Bank International	1.9	0.8	41.7%	8.3%	54.5%	0.1	17.6%
Invest Bank	6.8	4.5	65.9%	47.1%	406.5%	0.0	NM
Median	2.5	2.8	97.5%	1.7%	14.2%	0.4	12.4%
Total	85.2	79.4	93.2%	1.6%	13.9%	11.4	9.8%

- In terms of non-performing loans to total assets, National Bank of Umm Al-Qaiwain is the best performing bank in UAE with the lowest ratio at 0.1% (median ratio at 1.7%).
- Median impairments made against bad loans are taking away 12.4% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Banks in Qatar – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Qatar National Bank	1,431.1	17.9	1.3%	14.6%
Qatar Islamic Bank	227.4	5.0	2.3%	14.7%
The Commercial Bank	198.4	2.3	1.2%	8.3%
AlRayan Bank	186.4	1.4	0.9%	6.0%
Dukhan Bank	127.3	1.5	1.2%	9.4%
Doha Bank	123.6	0.9	0.8%	6.0%
Ahli Bank	64.5	1.0	1.5%	10.9%
Qatar International Islamic Bank	64.4	1.4	2.2%	13.7%
Lesha Bank	8.3	0.2	2.6%	14.1%
Median	127.3	1.4	1.3%	10.9%
Total	2,431.5	31.5	1.3%	11.7%

- Qatar National Bank is the largest bank in Qatar with total assets of SAR 1,431 BN as of FY 2025.
- Amongst Qatari banks having above SAR 100 BN total asset size, Qatar Islamic Bank is the best performing bank in terms of return on assets and return on equity.

Banks in Qatar – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Qatar National Bank	28.2	31.9	113.1%	2.0%	22.0%	9.6	26.1%
Qatar Islamic Bank	2.6	7.9	309.1%	1.1%	7.4%	0.1	2.1%
The Commercial Bank	6.8	5.1	75.0%	3.4%	24.6%	0.9	26.1%
AlRayan Bank	6.5	5.2	79.3%	3.5%	24.5%	0.5	313.7%
Dukhan Bank	4.1	3.8	93.3%	3.2%	25.8%	0.5	38.6%
Doha Bank	5.0	4.7	93.7%	4.0%	30.8%	0.8	37.5%
Ahli Bank	1.3	2.7	216.8%	1.9%	14.1%	0.2	18.2%
Qatar International Islamic Bank	1.3	2.4	182.3%	2.0%	12.7%	0.4	39.5%
Lesha Bank	NA	0.4	NA	NA	NA	0.0	0.4%
Median	4.5	4.7	103.4%	2.6%	23.2%	0.5	26.1%
Total	55.7	64.0	115.0%	2.3%	20.6%	13.0	26.1%

- In terms of non-performing loans to total assets, Qatar Islamic Bank is the best performing bank in the region with the lowest ratio at 1.1% (median ratio at 2.6%).
- Median impairments made against bad loans are taking away 26.1% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Banks in Oman – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Bank Muscat	147.3	2.5	1.8%	10.1%
Sohar International Bank	88.9	1.0	1.2%	9.8%
National Bank of Oman	54.4	0.7	1.3%	7.9%
Bank Dhofar	52.5	0.5	1.0%	6.8%
Oman Arab Bank	44.7	0.3	0.8%	5.7%
Ahli Bank	40.8	0.5	1.2%	7.7%
Bank Nizwa	19.8	0.2	1.0%	1.2%
Median	52.5	0.5	1.2%	7.7%
Total	448.4	5.6	1.3%	8.2%

- Bank Muscat is the largest bank in Oman with total assets of SAR 147 BN as of FY 2025.
- Bank Muscat is also the best performing bank in Oman in terms of return on assets and return on equity.

Banks in Oman – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Bank Muscat	4.0	6.3	157.4%	2.7%	15.9%	0.6	14.8%
Sohar International Bank	2.8	2.9	105.9%	3.1%	24.5%	0.3	15.6%
National Bank of Oman	1.9	1.7	90.8%	3.5%	19.5%	0.1	12.7%
Bank Dhofar	2.0	1.7	83.2%	3.9%	27.3%	0.3	23.8%
Oman Arab Bank	2.1	1.8	85.4%	4.7%	33.7%	0.2	20.2%
Ahli Bank	1.4	1.2	85.2%	3.5%	22.9%	0.1	18.2%
Bank Nizwa	0.6	0.5	91.2%	2.8%	20.7%	0.1	21.7%
Median	2.0	1.7	90.8%	3.5%	22.9%	0.2	18.2%
Total	14.8	16.2	109.3%	3.3%	21.5%	1.7	16.8%

- In terms of non-performing loans to total assets, Bank Muscat is the best performing bank in the region with the lowest ratio at 2.7% (median ratio at 3.5%).
- Median impairments made against bad loans are taking away 18.2% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Banks in Kuwait – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
National Bank of Kuwait	556.0	7.5	1.4%	11.4%
Kuwait Finance House	521.2	8.8	1.8%	10.9%
Kuwait Projects Company Holding	168.4	0.8	0.5%	4.1%
Boubyan Bank	124.3	1.2	1.0%	9.1%
Burgan Bank	110.9	0.6	0.5%	4.4%
Gulf Bank	93.9	0.6	0.7%	6.2%
Al Ahli Bank of Kuwait	84.4	0.8	0.9%	8.4%
Warba Bank	73.5	0.6	0.9%	7.1%
Commercial Bank of Kuwait	65.4	1.5	2.4%	15.8%
Kuwait International Bank	56.5	0.4	0.7%	6.6%
Median	102.4	0.8	0.9%	7.8%
Total	1,854.6	22.8	1.2%	9.2%

- National Bank of Kuwait is the largest bank in Kuwait with total assets of SAR 556 BN as of FY 2025.
- Commercial Bank of Kuwait is the best performing bank in Kuwait in terms of return on equity and return on assets.

Banks in Kuwait – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
National Bank of Kuwait	4.6	11.0	239.9%	0.8%	6.7%	0.5	3.9%
Kuwait Finance House	4.2	11.5	274.7%	0.8%	5.0%	1.1	7.2%
Kuwait Projects Company Holding	2.4	1.6	69.5%	1.4%	11.4%	0.3	12.7%
Boubyan Bank	1.1	2.6	245.9%	0.8%	7.6%	0.1	5.5%
Burgan Bank	1.1	1.8	162.1%	1.0%	8.7%	0.3	15.5%
Gulf Bank	0.8	2.8	343.2%	0.9%	7.8%	0.5	26.9%
Al Ahli Bank of Kuwait	0.8	3.9	518.0%	0.9%	8.1%	0.5	26.0%
Warba Bank	0.7	1.2	176.4%	0.9%	5.8%	0.1	19.1%
Commercial Bank of Kuwait	0.2	2.5	1046.9%	0.4%	2.5%	0.0	0.1%
Kuwait International Bank	0.6	1.0	173.8%	1.0%	9.8%	0.1	14.8%
Median	0.9	2.5	242.9%	0.9%	7.7%	0.3	13.8%
Total	16.4	40.0	244.1%	0.9%	6.6%	3.6	8.7%

- In terms of non-performing loans to total assets, Commercial Bank of Kuwait is the best performing bank in the region with the lowest ratio at 0.4% (median ratio at 0.9%).
- Median impairments made against bad loans are taking away 13.8% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Banks in Bahrain – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Arab Banking Corporation	187.2	1.2	0.7%	6.6%
Al Salam Bank	80.1	0.9	1.1%	12.7%
National Bank of Bahrain	62.4	0.9	1.5%	14.6%
Bank of Bahrain and Kuwait	49.5	0.8	1.8%	12.6%
Ithmaar Holding	28.4	0.1	0.4%	15.0%
Bahrain Islamic Bank	17.9	0.2	1.1%	11.9%
Khaleeji Bank	17.2	0.1	0.7%	8.6%
United Gulf Holding Company	8.4	0.0	-0.6%	-5.5%
Median	39.0	0.5	0.9%	12.3%
Total	451.2	4.1	0.9%	9.3%

- Arab Banking Corporation is the largest bank in Bahrain with total assets of SAR 187 BN as of FY 2025.
- Bank of Bahrain and Kuwait is the best performing bank in Bahrain in terms of return on assets, and the fourth in terms of return on equity.

Banks in Bahrain – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Arab Banking Corporation	2.9	2.7	91.8%	1.6%	14.9%	0.6	16.7%
Al Salam Bank	1.7	1.0	56.9%	2.1%	22.8%	0.3	17.4%
National Bank of Bahrain	1.1	0.9	84.8%	1.7%	18.1%	0.1	5.4%
Bank of Bahrain and Kuwait	0.7	0.7	99.3%	1.4%	10.8%	0.1	7.0%
Ithmaar Holding	1.0	0.8	79.2%	3.5%	147.0%	0.0	0.6%
Bahrain Islamic Bank	0.7	0.5	67.7%	3.7%	41.0%	0.1	41.1%
Khaleeji Bank	0.5	0.2	35.0%	2.8%	33.7%	0.0	16.4%
United Gulf Holding Company	0.0	NA	NA	0.5%	5.3%	0.0	20.5%
Median	0.9	0.8	79.2%	1.9%	20.4%	0.1	16.5%
Total	8.6	6.7	77.8%	1.9%	19.5%	1.2	14.5%

- In terms of non-performing loans to total assets, United Gulf Holding Company is the best performing bank in the region with the lowest ratio at 0.5% (median ratio at 1.9%).
- Median impairments made against bad loans are taking away 16.5% share from net interest income of banks, thus, denting bottom line.

Note:

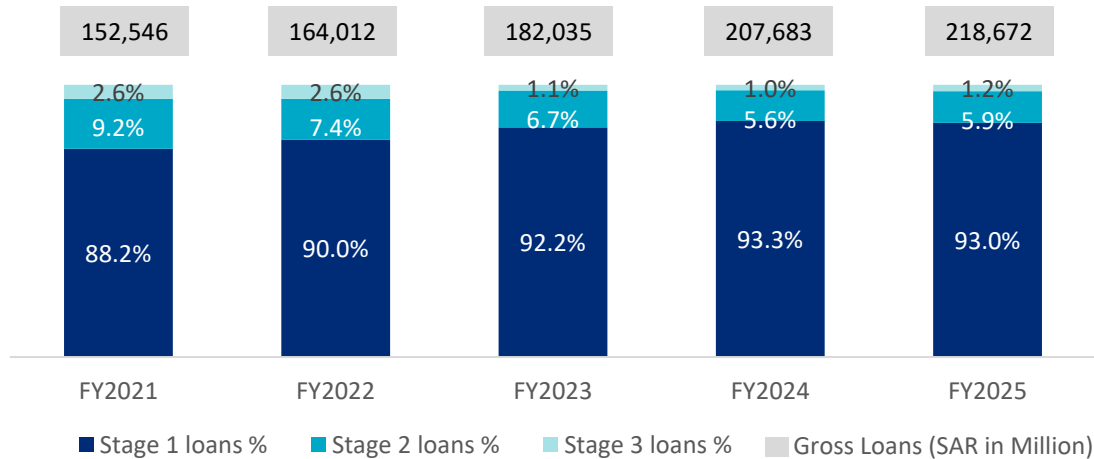
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Banque Saudi Fransi

Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate similar composition of Stage 1,2,3 loans; while the gross loan book has increased by 43% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



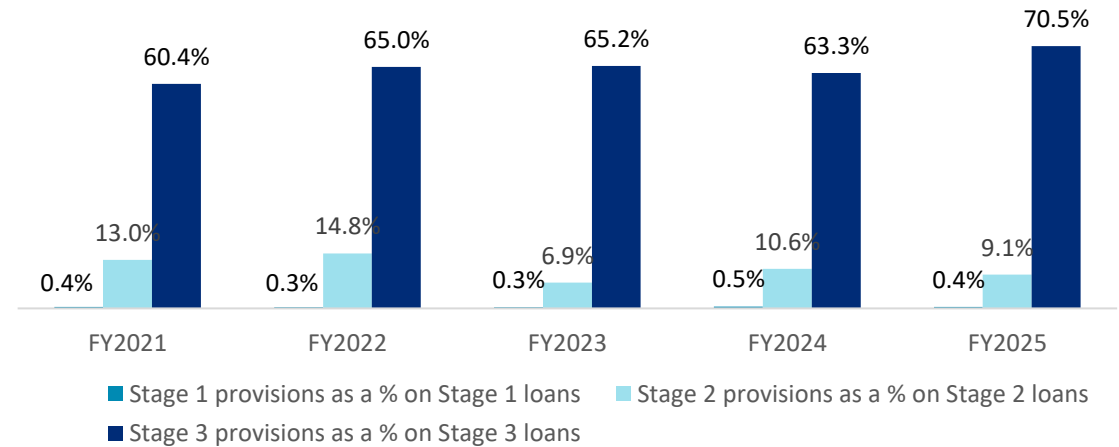
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- While the gross loan book has increased by 43% over the last years, the composition of the three stages of gross loans has remained relatively stable with stage 3 loans, remaining below 3%

Stage-wise provision coverage ratio

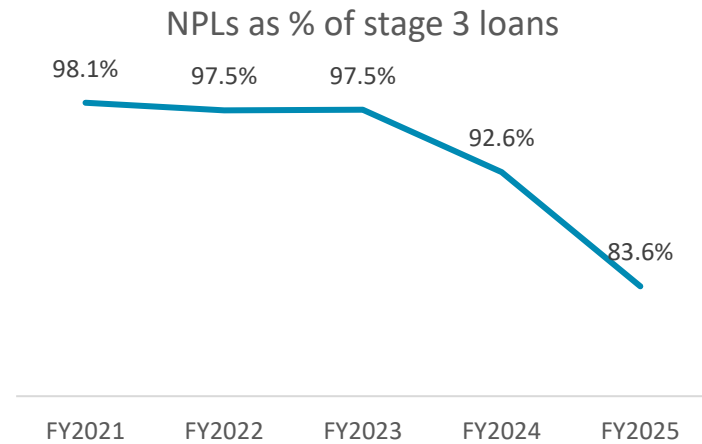


As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

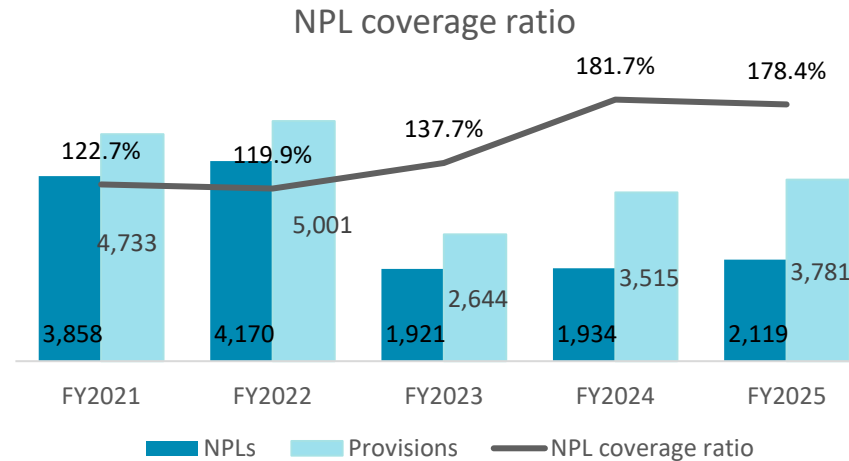
- Provisions on stage 1 loans have remained stable during FY2021 – FY2025
- Provisions on stage 2 loans have been fluctuating during the same period
- Stage 3 loan provisions range from 60.4% to 70.5% during the period of FY2021 – FY2025

Asset quality analysis – NPL coverage ratio has increased since FY 2021, and NPLs/ Equity has changed to 4.2% in FY2025, which indicates effective management



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

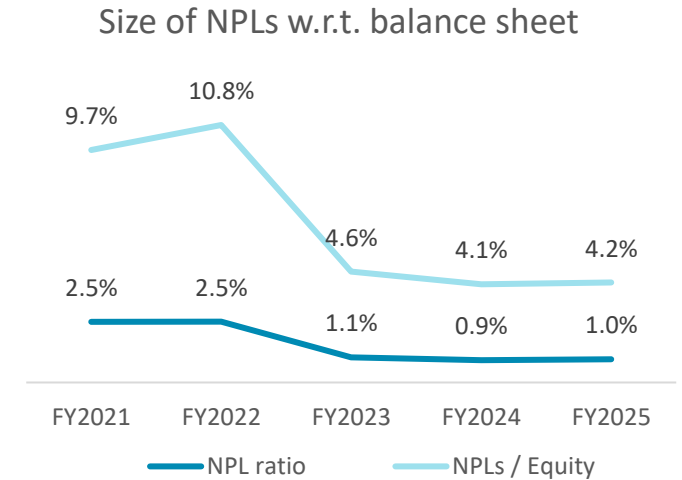
- There are no NPLs in stage 1 and stage 2 loans
- Non-performing loans are a major subset of stage 3 loans; evident from 94.0% average share of stage 3 loans historically



Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning
- Detailed assessment of NPLs to be carried to distinguish the impact of increased stage 2 provisioning versus eventual requirement under stage 3 NPLs

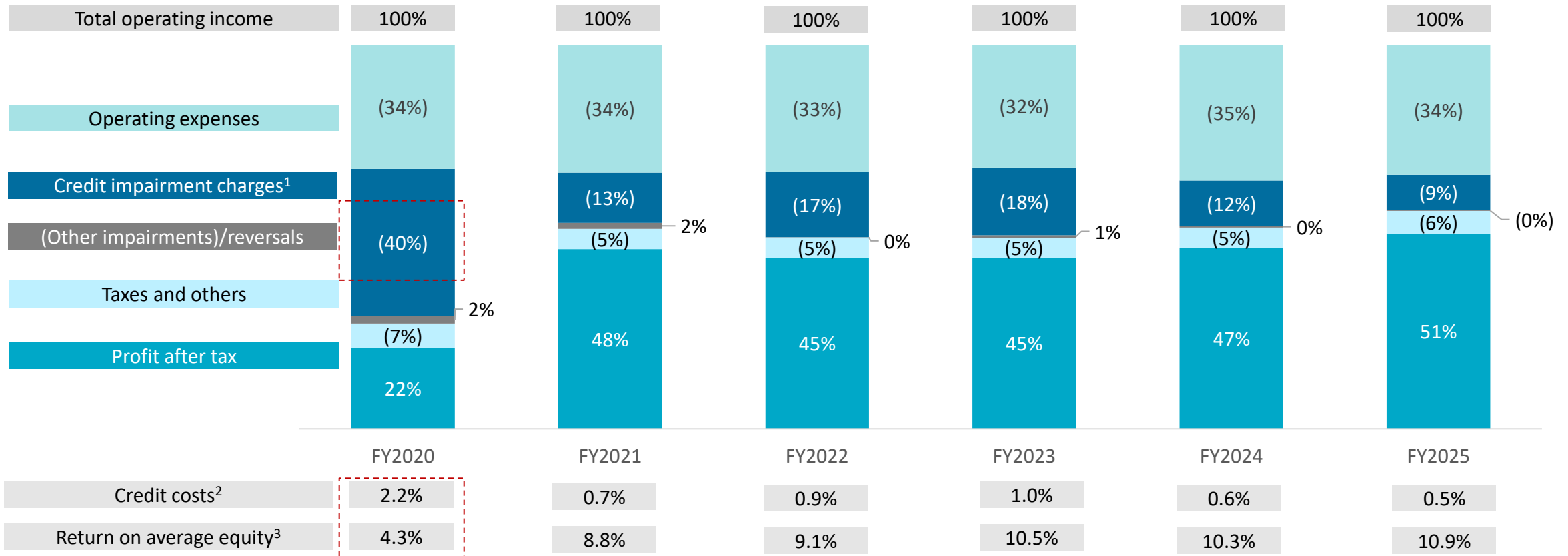
(for more information on NPLs as per IFRS 9, please refer appendix)



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 6.7% on average of book value of equity during FY2021 – FY2025. However, it's currently at 4.2% (FY2025), which indicates effective management

Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

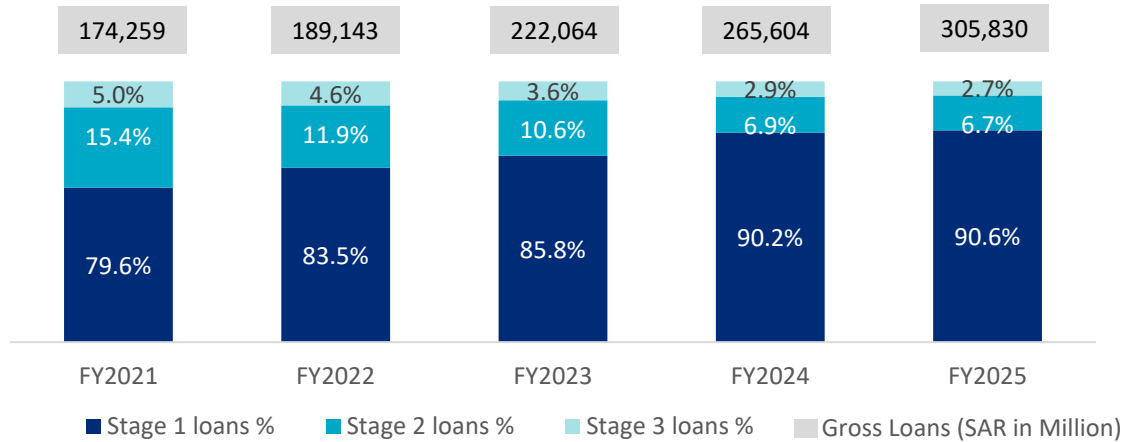
Source: Annual report

Saudi Awwal Bank

Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate decline in share of stage 3 loans since FY 2021; while gross loan book has increased by 76%



Breakdown of gross loans as per 3 stages of ECL



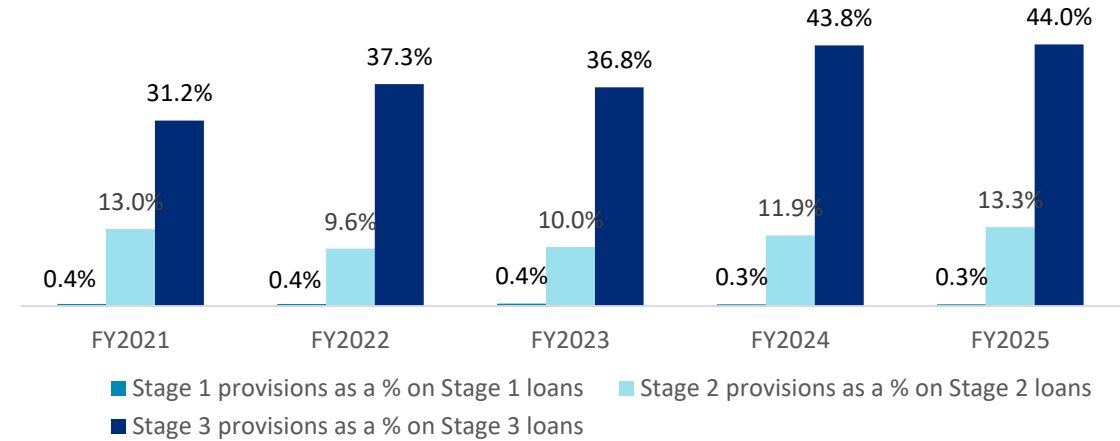
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 76% since FY2021
- There are some variations in FY2025 for all stages compared to the last four years

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

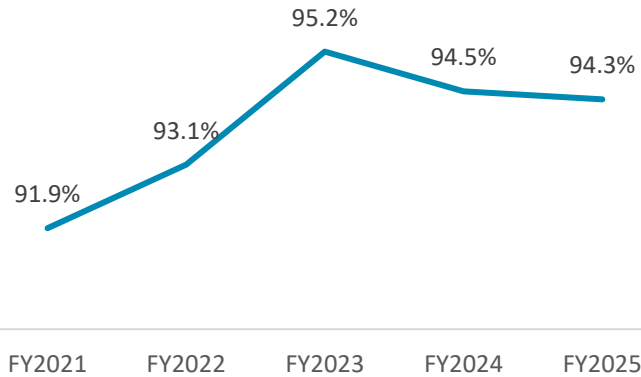
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Provisions on stage 1 loans have remained stable during FY2021 – FY2025
- Provisions on stage 2 loans have been fluctuating during the same period
- Stage 3 loan provisions range from 31.2% to 44.0% during the period of FY2021 – FY2025

Asset quality analysis – NPL coverage ratio is below 100% in the recent years and NPLs account for ~13% of book value of equity; effective management can unlock shareholder value



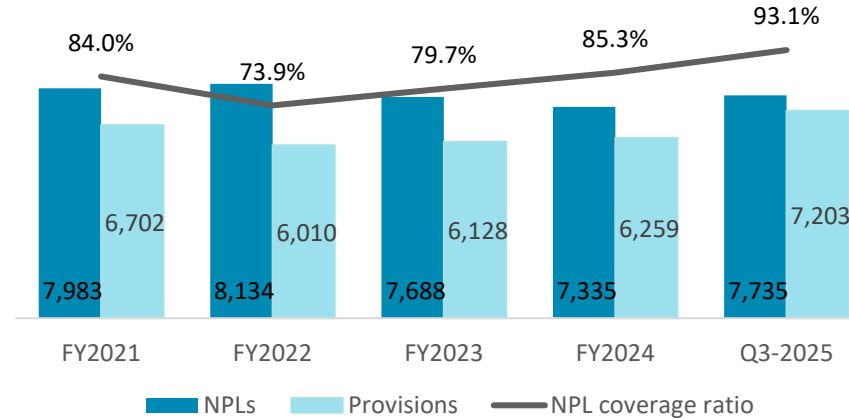
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- Non-performing loans are a major subset of stage 3 loans; evident from ~94% share of Stage 3 loans historically

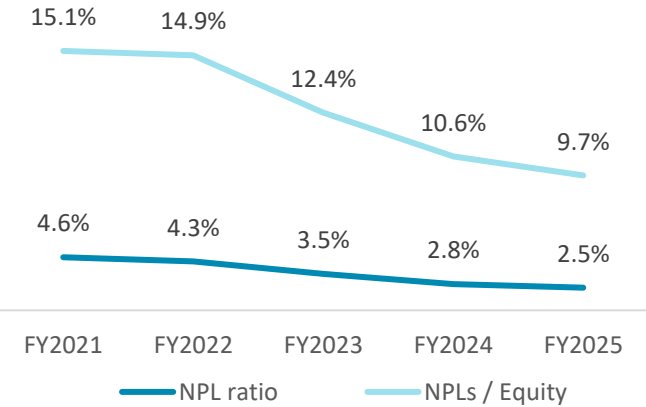
NPL coverage ratio



Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning (for more information on NPLs as per IFRS 9, please refer appendix)

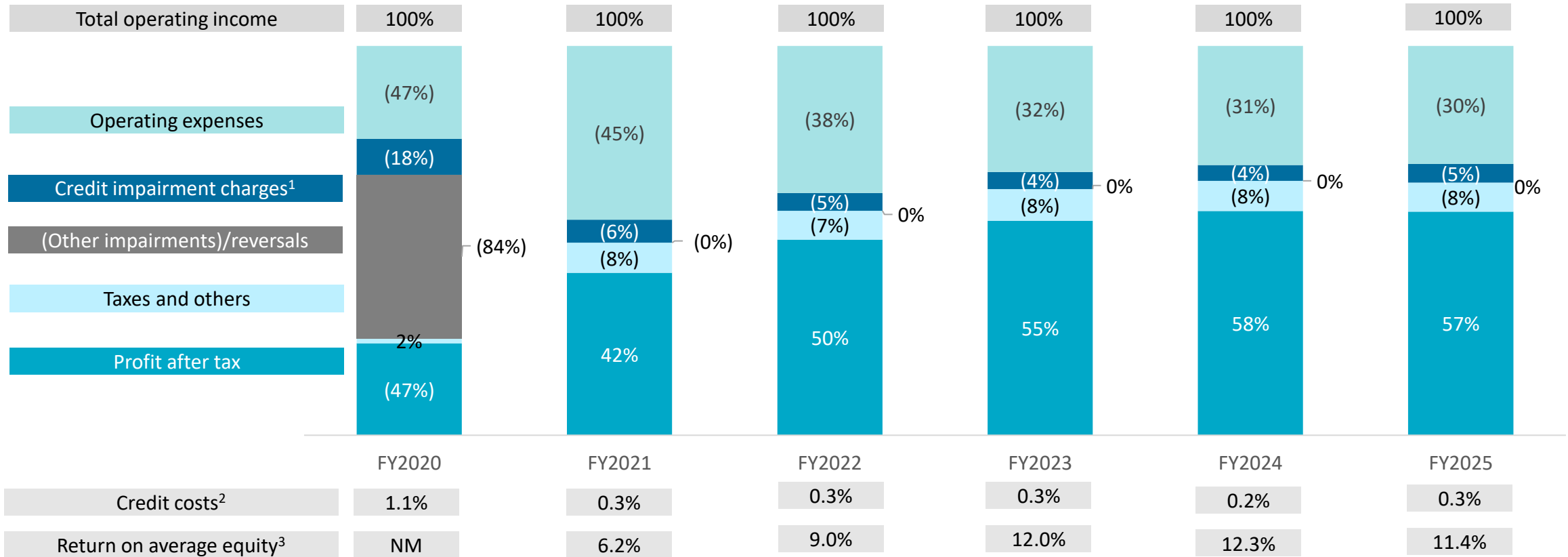
Size of NPLs w.r.t. balance sheet



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 12.5% on average of book value of equity and can unlock potential shareholder value through effective management

Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line. However, the bank has not created adequate provisions on bad loans as is evident by the low coverage ratio (earlier slide)
- In FY2020, impairment loss of goodwill was SAR 7.4 BN (84% of total operating income)

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

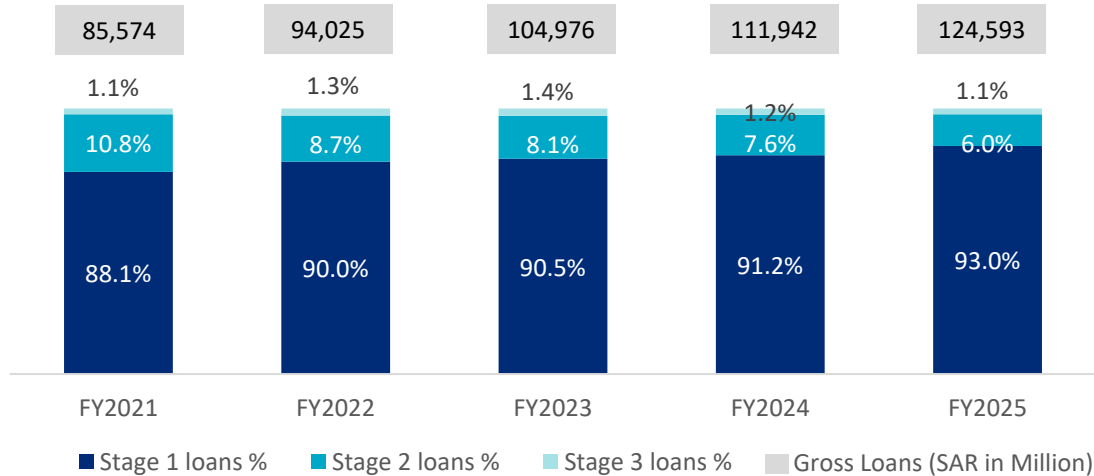
Source: Annual report

Bank Albilad

Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate rise in share of stage 1 loans; while gross loan book has increased by 46% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



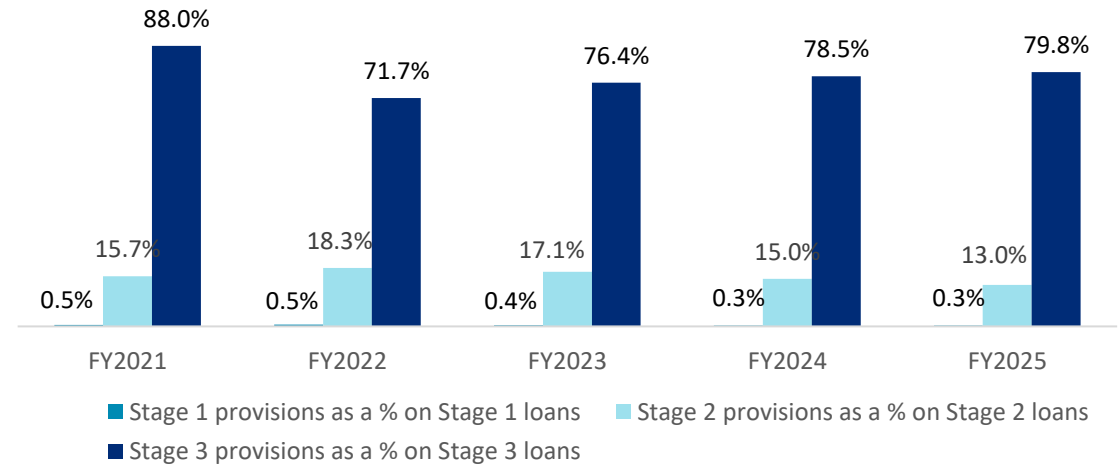
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 46% since FY2021
- Share of stage 1 loans has increased since FY2021, while share of stage 2 loans have declined in the total mix by FY2025

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

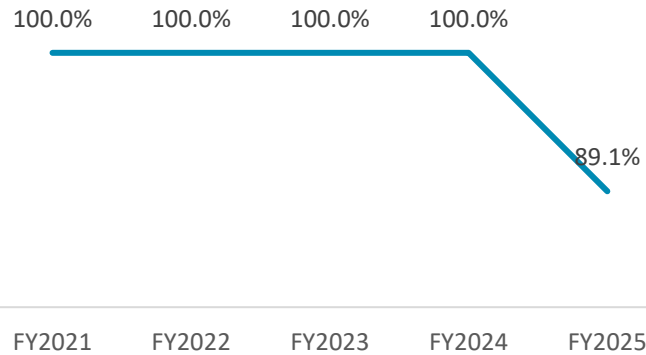
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Provisions on stage 1 loans have been relatively stable during FY2021 – FY2025, and it is currently lower than its historical levels
- Provisions on stage 2 loans have been declining from 18.3% in FY2022 to 13.0% in FY2025, indicating lower expected credit losses
- Provisions on stage 3 loans have been increasing during the last three years, indicating higher expected credit losses

Asset quality analysis – NPL coverage ratio has declined since 2021, and NPLs account for ~ 8% of book value of equity during FY 2021 – FY2025, and effective management can unlock shareholder value



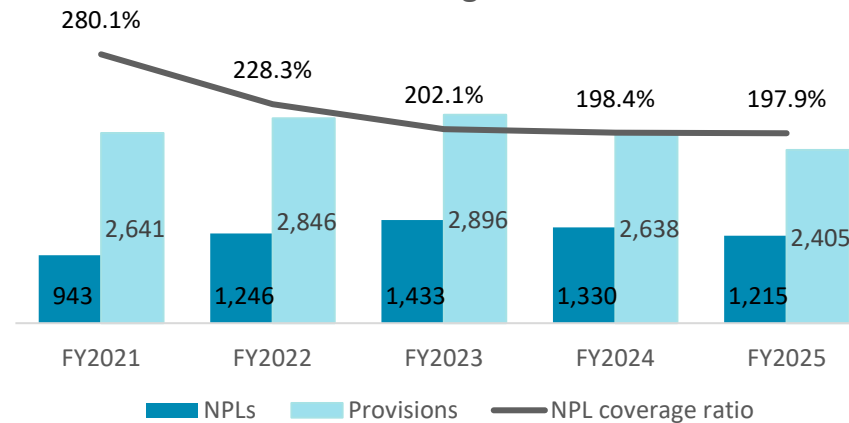
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- Non-performing loans are a major subset of stage 3 loans; evident from 89% share of stage 3 loans in FY2025

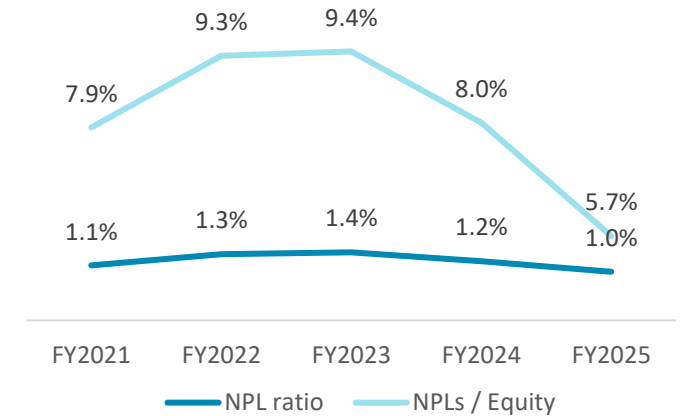
NPL coverage ratio



Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Detailed assessment of NPLs to be carried to distinguish the impact of increased Stage 2 provisioning versus eventual requirement under Stage 3 NPLs
(for more information on NPLs as per IFRS 9, please refer appendix)

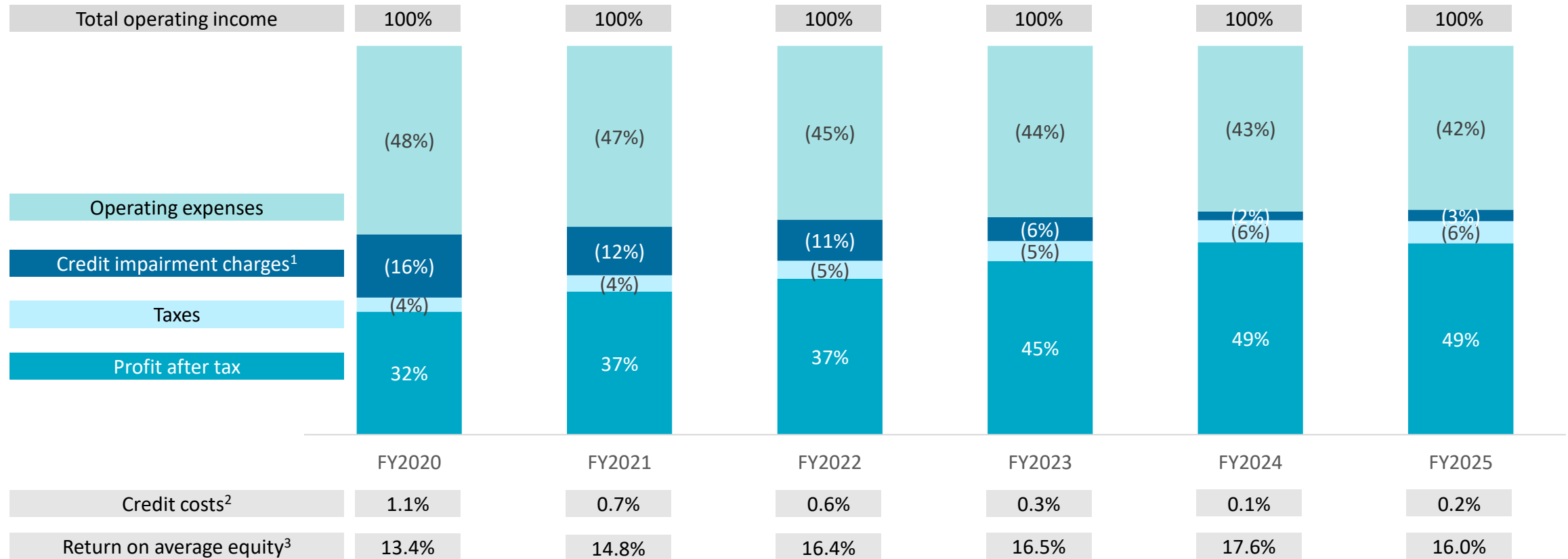
Size of NPLs w.r.t. balance sheet



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been in the range of 5.7% - 9.4% of book value of equity and can unlock potential shareholder value through effective management

Impairment charges have significant impact on profitability



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

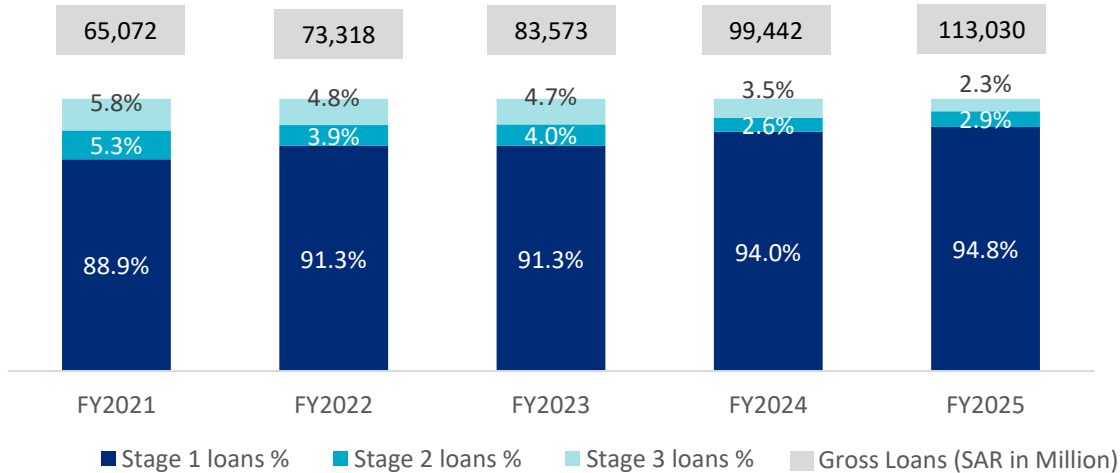
Source: Annual report

AlJazira Bank

Asset quality analysis – Breakdown of gross loans into ECL stages and their provisions indicate rise in share of stage 1 loans; while gross loan book has increased by 74% since FY 2021



Breakdown of gross loans as per 3 stages of ECL



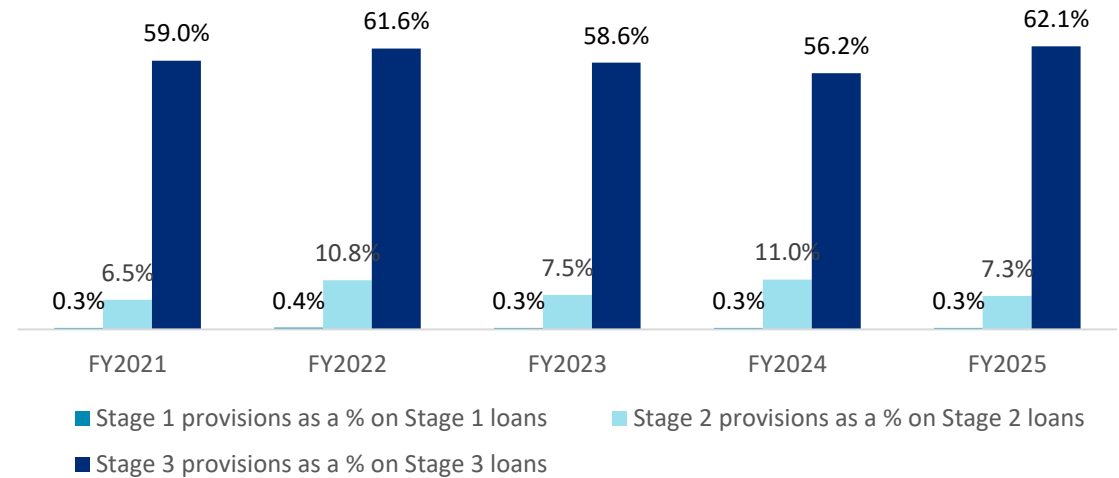
IFRS 9 details on the asset quality norms and how banks must classify their gross loan book into different stages

Gross loans are classified as 12 month ECL (Stage 1), Lifetime ECL not credit impaired (Stage 2) and Lifetime ECL credit impaired (Stage 3), where ECL stands for Expected Credit Loss (Please refer appendix for more information)

Essentially, stage 1 loans are performing loans with timely repayments, stage 2 loans are loans which are showing early signs of stress and may slip into stage 3 category, and stage 3 loans are predominantly NPLs, restructured loans

- The gross loan book has increased by 74% during FY2021 – FY2025
- Share of stage 1 loans have increased during FY2021 – FY2025, while the shares of stage 2 and 3 loans have declined compared to their historical levels

Stage-wise provision coverage ratio



As per IFRS 9, the bank is required to estimate provisioning requirement on these 3 stages of loans, which is a function of probability of default and loss-given default (please refer appendix for an illustration)

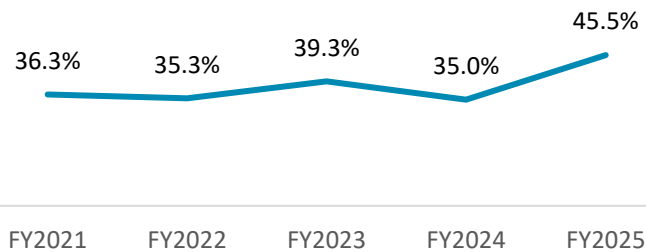
Stage-wise provision coverage rates depend on the ECL calculation undertaken by the bank for that period, which is dynamic as default probabilities change, Loss-given default change

- Stage 1 provisions have remained stable during FY2021 – FY2025
- Provisions on stage 2 loans have been fluctuating during the same period
- Provisions on stage 3 loans have increased from 56.2% in FY2024 to 62.1% in FY2025 indicating higher expected credit losses

Asset quality analysis – NPL coverage ratio has decreased since FY 2021, and NPLs account for ~ 8% of book value of equity and effective management can unlock shareholder value



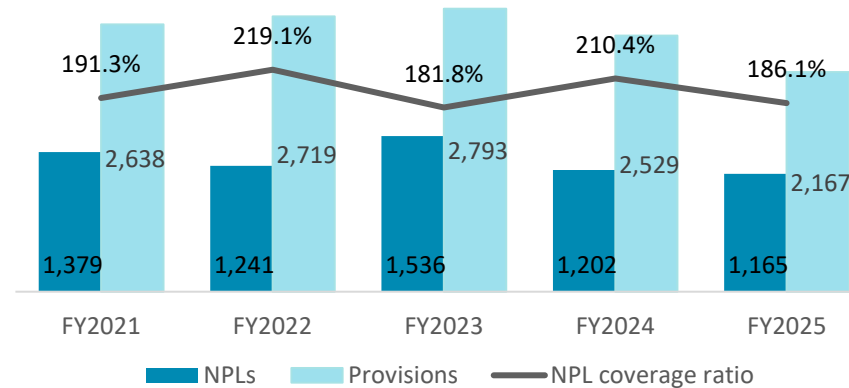
NPLs as % of stage 3 loans



Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs

- There are no NPLs in stage 1 and stage 2 loans
- NPLs as a percentage of stage 3 loans range from 35% to 46% during the historical period

NPL coverage ratio

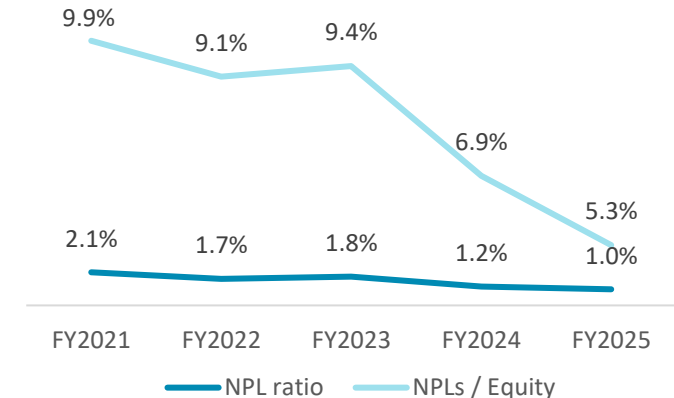


Provisions mean accumulated impairment allowance balance; i.e. accumulated provisions on balance sheet. This provision is a summation of stage 1 provisions, stage 2 provisions and stage 3 provisions

- Increasing NPL coverage ratio indicates improved coverage of NPLs through higher provisioning
- Detailed assessment of NPLs to be carried to distinguish the impact of increased Stage 2 provisioning versus eventual requirement under Stage 3 NPLs

(for more information on NPLs as per IFRS 9, please refer appendix)

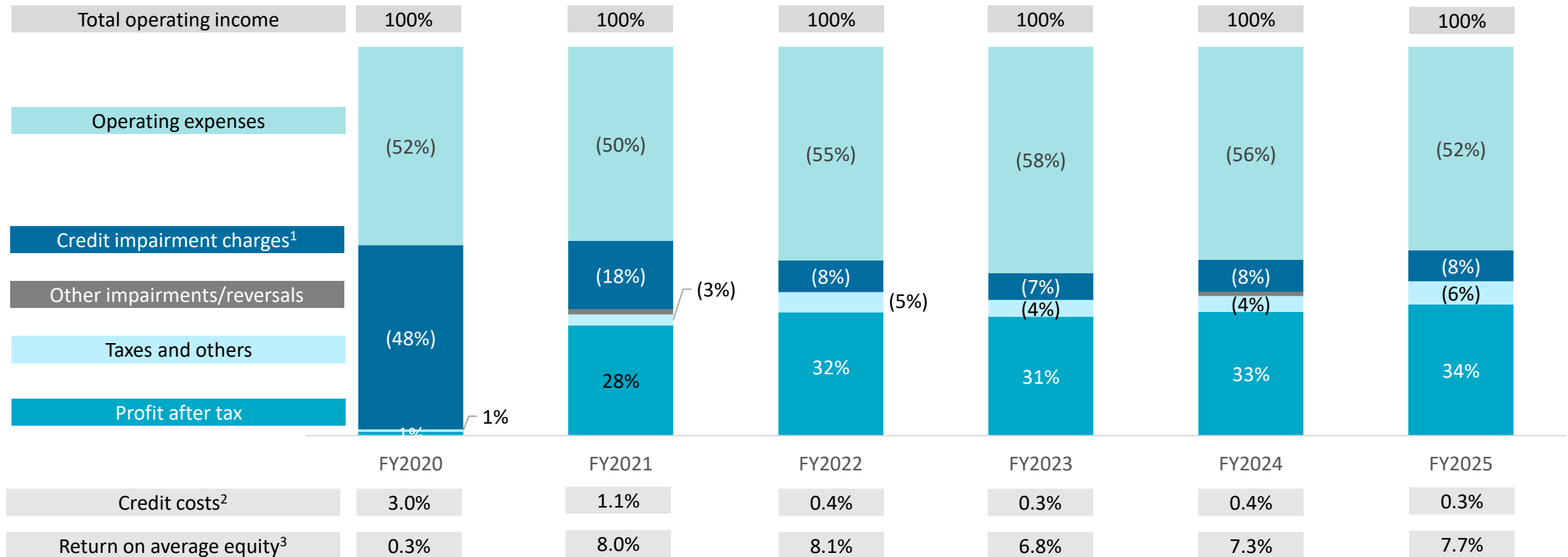
Size of NPLs w.r.t. balance sheet



NPL ratio is calculated as NPLs / Gross Loans

- NPLs have been 8.1% on average of book value of equity and can unlock potential shareholder value through effective management

Impairment charges have significant impact on profitability, but impairment has improved over the last periods



- With the evolution of stringent asset quality norms, there has been significant impact of annual credit provisions on profitability and on the bottom-line
- High NPLs lead to high credit costs impacting shareholder return, as the banks are mandated to create adequate provisions on bad loans

Note: 1. Credit impairment charges mean impairment charges for expected credit losses recorded in income statement, in simple words, this is the provisions made during the year on expected credit losses;

2. Credit cost is calculated as credit impairment charges for the year / Average net loans; 3. Return on average equity is calculated as PAT / average equity (ROAE)

Source: Annual report

GCC Financing Companies

GCC Financing Companies – Profitability Overview



Company Name	Total Assets (SAR MN)	Net Income (SAR MN)	Return on Assets	Return on Equity
National Finance Company (Oman)	6,660.3	148.2	2.4%	10.3%
SHL Finance Company (KSA)	4,737.3	50.7	1.1%	3.0%
Arzan Financial Group (Kuwait)	4,691.2	302.5	7.4%	9.4%
Amlak International Finance Company (KSA)	4,462.8	65.2	1.5%	5.2%
Finance House (UAE)	4,185.8	18.1	0.5%	2.8%
Commercial Facilities Company (Kuwait)	4,115.7	191.8	5.0%	9.0%
Amlak Finance (UAE)	3,488.5	1,501.5	50.6%	63.5%
A'ayan Leasing and Investment (Kuwait)	3,469.9	284.0	8.3%	16.2%
United International Holding Company (KSA)	3,197.9	272.2	9.6%	21.6%
Taageer Finance Company (Oman)	3,086.9	40.6	1.4%	5.3%
Al Omaniya Financial Services (Oman)	2,192.7	38.6	2.8%	5.9%
Nayifat Finance Company (KSA)	2,162.9	-126.3	-6.0%	-9.4%
Bahrain Commercial Facilities (Bahrain)	2,152.6	50.5	2.3%	4.8%
Morabaha Marina Financing Company (KSA)	1,440.5	-5.3	-0.4%	-0.6%
United Finance Company (Oman)	1,298.8	28.9	2.4%	5.9%
Channel Vas Investments (UAE)	1,133.2	161.8	16.1%	56.6%
Quara Finance Company (KSA)	998.5	8.1	0.9%	1.8%
Al Manar Financing and Leasing (Kuwait)	753.6	35.8	5.0%	8.3%
KFIC Invest Company (Kuwait)	611.4	49.7	9.5%	13.7%
Median	3,086.9	50.5	2.4%	5.9%
Total	54,840.4	3,116.4	5.7%	12.7%

- National Finance Company in Oman is the largest finance company in GCC with total assets of SAR 6.7 BN as of FY 2025.
- Amlak Finance in UAE is the best performing finance company in GCC in terms of return on equity and return on assets.

GCC Financing Companies – NPL Summary



Company Name	NPL (SAR MN)	Accumulated provisions (SAR MN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR MN)	Impairments for the year/ Net Interest Income
National Finance Company (Oman)	850.8	NA	NA	12.8%	57.9%	91.4	26.5%
SHL Finance Company (KSA)	144.3	NA	NA	3.0%	8.3%	11.3	5.8%
Arzan Financial Group (Kuwait)	NA	NA	NA	NA	NA	11.9	2.8%
Amlak International Finance Company (KSA)	294.3	NA	NA	6.6%	23.0%	75.6	26.4%
Finance House (UAE)	560.9	572.0	102.0%	13.4%	86.4%	34.1	22.0%
Commercial Facilities Company (Kuwait)	300.0	335.5	111.8%	7.3%	13.3%	-13.4	NM
Amlak Finance (UAE)	0.4	NA	NA	0.01%	0.0%	NA	NA
A'ayan Leasing and Investment (Kuwait)	NA	80.7	NA	NA	NA	NA	NA
United International Holding Company (KSA)	396.8	NA	NA	12.4%	28.3%	124.8	22.8%
Taageer Finance Company (Oman)	715.9	NA	NA	23.2%	93.1%	122.6	104.8%
Al Omaniya Financial Services (Oman)	NA	NA	NA	NA	NA	NA	NA
Nayifat Finance Company (KSA)	258.8	192.9	74.5%	12.0%	20.9%	243.9	427.8%
Bahrain Commercial Facilities (Bahrain)	493.8	301.1	61.0%	22.9%	46.3%	24.7	4.3%
Morabaha Marina Financing Company (KSA)	NA	42.5	NA	NA	NA	82.3	55.7%
United Finance Company (Oman)	173.0	110.7	64.0%	13.3%	35.2%	12.0	17.5%
Channel Vas Investments (UAE)	NA	NA	NA	NA	NA	NA	NA
Quara Finance Company (KSA)	174.6	53.8	30.8%	17.5%	37.4%	87.3	64.5%
Al Manar Financing and Leasing (Kuwait)	42.1	NA	NA	5.6%	9.5%	-0.4	NM
KFIC Invest Company (Kuwait)	10.4	14.4	138.8%	1.7%	2.5%	19.6	17.6%
Median	276.5	110.7	74.5%	12.2%	25.6%	34.1	22.8%
Total	4,416.0	1,703.5	38.6%	8.1%	18.0%	927.5	11.3%

- In terms of non-performing loans to total assets, Amlak Finance in UAE is the best performing in the region with the lowest ratio at 0.01% (median ratio at 12.2%).
- Median impairments made against bad loans are taking away 22.8% share from net interest income of the companies, thus, denting bottom line.

Egyptian Market

Banks in Egypt – Profitability Overview



Company Name	Total Assets (SAR BN)	Net Income (SAR BN)	Return on Assets	Return on Equity
Commercial International Bank	113.4	6.3	6.2%	42.8%
Qatar National Bank	73.1	2.3	3.4%	29.0%
Abu Dhabi Islamic Bank	27.3	1.0	4.2%	43.7%
Suez Canal Bank	21.2	0.5	2.9%	37.6%
Faisal Islamic Bank of Egypt	20.7	0.4	1.9%	11.1%
Housing and Development Bank	19.1	1.4	8.7%	52.8%
Société Arabe Internationale de Banque	13.5	0.1	0.9%	7.6%
AlBaraka Bank Egypt	11.5	0.3	2.9%	28.4%
Credit Agricole	11.5	0.5	5.1%	30.9%
Egyptian Gulf Bank	11.2	0.3	3.0%	36.3%
The United Bank	8.1	0.2	2.6%	15.0%
Median	19.1	0.5	3.0%	30.9%
Total	330.6	13.2	4.0%	29.1%

- Commercial International Bank is the largest bank in Egypt with total assets of SAR 113 BN as of FY 2025.
- Housing and Development Bank is the best performing bank in Egypt in terms of return on assets and return on equity.

Banks in Egypt – NPL Summary



Company Name	NPL (SAR BN)	Accumulated provisions (SAR BN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR BN)	Impairments for the year/ Net Interest Income
Commercial International Bank	0.8	2.7	350.1%	0.7%	4.3%	-0.7	NM
Qatar National Bank	1.7	1.9	111.8%	2.3%	18.4%	0.3	8.6%
Abu Dhabi Islamic Bank	0.3	0.6	181.1%	1.2%	11.9%	0.1	7.3%
Suez Canal Bank	0.3	0.3	116.6%	1.3%	17.4%	0.0	0.7%
Faisal Islamic Bank of Egypt	NA	0.1	NA	NA	NA	0.0	1.5%
Housing and Development Bank	0.3	0.4	165.5%	1.3%	7.7%	0.0	2.3%
Société Arabe Internationale de Banque	0.4	0.4	94.6%	2.8%	25.2%	0.1	15.7%
AlBaraka Bank Egypt	0.2	0.3	141.1%	1.7%	16.1%	0.1	13.3%
Credit Agricole	0.1	0.2	165.0%	1.0%	6.3%	0.0	5.0%
Egyptian Gulf Bank	0.1	0.2	174.7%	1.2%	12.9%	0.0	7.2%
The United Bank	NA	0.1	NA	NA	NA	0.0	6.1%
Median	0.3	0.3	165.0%	1.3%	12.9%	0.0	6.7%
Total	4.2	7.2	174.2%	1.3%	9.1%	0.1	0.4%

- In terms of non-performing loans to total assets, Commercial International Bank is the best performing bank in the region with the lowest ratio at 0.7% (median ratio at 1.3%).
- Median impairments made against bad loans are taking away 6.7% share from net interest income of banks, thus, denting bottom line.

Note:

1. Impairments in the above table mean provision for loan losses recorded in the income statement. Provision for loan losses include impairment charge for expected credit losses, recoveries of written-off loans and impairment charge on off balance sheet items

Financing Companies in Egypt – Profitability Overview



Company Name	Total Assets (SAR MN)	Net Income (SAR MN)	Return on Assets	Return on Equity
African Export-Import Bank	158,606.0	4,339.0	3.0%	14.8%
Export Development Bank of Egypt	16,393.5	461.3	3.1%	27.4%
CI Capital Holding	3,248.8	115.5	4.1%	19.2%
Contact Financial Holding	1,317.0	35.9	3.0%	10.8%
U Consumer Finance	1,119.9	58.3	6.1%	39.3%
International Company for Leasing	1,077.8	19.5	2.3%	21.4%
Al Tawfeek Leasing Company	654.6	20.6	3.7%	23.6%
Median	1,317.0	58.3	3.1%	21.4%
Total	182,417.5	5,050.1	2.8%	14.5%

- African Export-Import Bank is the largest finance company in Egypt with total assets of SAR 159 BN as of FY 2025.
- U Consumer Finance is the best performing finance company in Egypt in terms of return on assets and return on equity.

Financing Companies in Egypt – NPL Summary



Company Name	NPL (SAR MN)	Accumulated provisions (SAR MN)	NPL Coverage ratio	NPL/ Total Assets	NPL/ Total Equity	Impairments for the year1 (SAR MN)	Impairments for the year/ Net Interest Income
African Export-Import Bank	NA	NA	NA	NA	NA	2,306.1	32.2%
Export Development Bank of Egypt	165.2	191.4	115.9%	1.0%	8.5%	30.6	4.0%
CI Capital Holding	NA	NA	NA	NA	NA	9.5	2.8%
Contact Financial Holding	NA	NA	NA	NA	NA	26.0	6.3%
U Consumer Finance	17.8	NA	NA	1.6%	10.0%	22.0	25.0%
International Company for Leasing	NA	NA	NA	NA	NA	0.7	2.5%
Al Tawfeek Leasing Company	NA	NA	NA	NA	NA	-0.2	NM
Median	91.5	191.4	115.9%	1.3%	9.3%	22.0	5.2%
Total	182.9	191.4	104.6%	0.1%	0.5%	2,394.6	26.7%

- Median impairments made against bad loans are taking away 5.2% share from net interest income of the companies, thus, denting bottom line.

Appendix

Three-stage model for classifying gross advances in terms of asset quality



Impairment of loans is recognized – on an individual or collective basis – in three stages under IFRS 9:

Stage 1

When a loan is originated or purchased, ECLs resulting from default events that are possible within the next 12 months are recognized (12-month ECL) and a loss allowance is established. On subsequent reporting dates, 12-month ECL also applies to existing loans with no significant increase in credit risk since their initial recognition

Stage 2

If a loan's credit risk has increased significantly since initial recognition and is not considered low, lifetime ECLs are recognized

Stage 3

If the loan's credit risk increases to the point where it is considered credit-impaired, lifetime ECLs are recognized, as in Stage 2. Difference between stage 2 and stage 3 is in recording of interest revenue, difference in probability of default rates assumed and other differences in calculation of ECL

Expected credit losses (ECL) methodology



- IFRS 9 establishes a new model for recognition and measurement of impairments in loans—the so-called “expected credit losses” model
- Expected credit losses are calculated by:
 - (a) identifying scenarios in which a loan defaults;
 - (b) estimating the cash shortfall that would be incurred in each scenario if a default were to happen;
 - (c) multiplying that loss by the probability of the default happening; and
 - (d) summing the results of all such possible default events. Because every loan has at least some probability of defaulting in the future, every loan has an expected credit loss associated with it—from the moment of its origination or acquisition

Expected Credit Losses – A simple illustration

Methodology	
(A) Loan amount*	1,000
(B) Estimated cash flows if default occurs	100
(C) Cash shortfall subsequent to default (A – B)	900
(D) Probability of default	1%
Expected Credit Loss (ECL) – (C X D)	9

*Estimated future cash flows at initial recognition assuming borrower pays as anticipated, discounted at the loan’s effective interest rate
Source: PWC report

Non-performing loans as per IFRS 9



- IFRS 9, which came into force on 1 January 2018, classifies credit exposures into Stage 1 (non-impaired, no significant increase in credit risk), Stage 2 (non-impaired, but with a significant increase in credit risk) and Stage 3 (impaired)
- Stage 3 loans include non-performing loans, impaired restructured loans and certain other risky exposures not included as NPLs
- ‘Lifetime expected credit losses’ are defined as: “the expected credit losses that result from all possible default events over the expected life of the financial instrument”
- IFRS 9 does not define the term ‘default’, but instead requires each entity to do so. The definition has to be consistent with that used for internal credit risk management purposes for the relevant financial instrument, and has to consider qualitative indicators – e.g. breaches of covenants – when appropriate
- The aim of IFRS was to craft a standard which is more forward-looking and its application will help in foreseeing bad loans
- However, the standard contains a rebuttable presumption of 90 days past due for default. The implied meaning of this presumption is that a default does not occur later than when a financial asset is 90 days past due. The definition of default should be applied consistently, unless information that becomes available indicates that another default definition is more appropriate for a particular financial instrument